



Bharati Shipyard Limited

Corporate Office : Oberoi Chambers II, 646, New Link Rd, Andheri (W). Mumbai - 400 053.

Registered Office :

302, Wakefield House, 3rd Floor,
Sprott Road, Ballard Estate,
Mumbai - 400 001, INDIA.
Tel. : + 91 22 3028 9200/201
Fax : + 91 22 3028 9222
E-mail : info@bharatishipyard.com
Website : www.bharatishipyard.com



Date: 26th February, 2015

The Dy. General Manager
Department of Corporate Relations
The Bombay Stock Exchange Ltd.
P.J. Towers
Dalal Street
Mumbai – 400 023

The Manager
Listing Department
National Stock Exchange of India
Exchange Plaza, 5th Floor
Bandra Kurla Complex
Bandra (E)
Mumbai – 400 051.

Sub: Unaudited Financial Results for the Quarter ended 31st December, 2014

Dear Sirs,

Please find enclosed herewith the Unaudited Financial Results for the Quarter ended 31st December, 2014 along with Limited Review Report as per Clause 41 of the Listing Agreement.

Kindly acknowledge the receipt.

Thanking you,

Yours faithfully,
For Bharati Shipyard Limited

Company Secretary

Encl: As above

SHIPYARDS	RATNAGIRI	GHOD BUNDER	GOA	KOLKATA	DABHOL	MANGALORE
PHONE	+91-2352-232371	+91-22-28458933	+91-832-2555090	+91-33-40033959	+91-2358-248555	+91-824-2456326
FAX	+91-2352-232524	+91-22-28459008	+91-832-2555091	+91-33-40033958	+91-2358-248555	+91-824-3456385

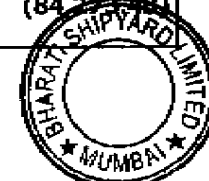
BHARATI SHIPYARD LIMITED

REGD. OFFICE : 302, WAKEFIELD HOUSE, SPROTT ROAD, BALLARD ESTATE, MUMBAI - 400 001, MAHARASHTRA

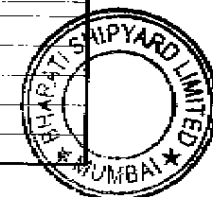
CIN No. : L61100MH1976PLC019092

PART - I**STATEMENT OF UNAUDITED STANDALONE RESULTS FOR THE QUARTER ENDED 31ST DECEMBER, 2014**

Sr. No.	Particulars	Quarter Ended			Nine Month Ended		(Rs. in Lakhs)
							Year Ended
		31.12.2014 Unaudited	30.9.2014 Unaudited	31.12.2013 Unaudited	31.12.2014 Unaudited	31.12.2013 Unaudited	31.03.2014 Audited
1	Income from Operations						
	(a) Net Sales / Income from Operations	202.39	540.46	1,262.97	1,743.71	17,349.43	17,856.47
	(b) Other Operating Income	95.78	118.45	3.92	916.01	67.17	858.36
	Total Income from Operations (a+b)	298.17	658.91	1,266.89	2,659.72	17,416.60	18,714.83
2	Expenses:						
	(a) Cost of materials consumed	402.16	153.51	866.11	2,357.07	16,498.74	16,599.16
	(b) Employee benefit expense	1,019.92	1,044.98	1,336.31	3,535.87	8,078.06	9,551.76
	(c) Depreciation and amortization expense	1,562.68	1,562.80	1,246.70	4,572.13	3,734.75	4,939.92
	(d) Other expenses	712.74	1,031.50	1,453.11	2,618.70	7,345.59	11,482.66
	Total Expenses	3,697.50	3,792.79	4,902.23	13,083.77	35,657.14	42,573.50
3	Profit / (Loss) from operations before other Income, finance cost and exceptional items (1-2)	(3,399.33)	(3,133.88)	(3,635.34)	(10,424.05)	(18,240.54)	(23,858.67)
4	Other Income *	(160.46)	(293.72)	685.00	33.16	685.03	1,586.09
5	Profit / (Loss) from ordinary activities before finance cost and exceptional items (3+4)	(3,559.79)	(3,427.60)	(2,950.34)	(10,390.89)	(17,555.51)	(22,272.58)
6	Finance cost	6,325.39	1,550.28	14,286.20	22,519.02	41,542.22	51,184.26
7	Profit / (Loss) from ordinary activities after finance cost but before exceptional items (5-6)	(9,885.18)	(4,977.88)	(17,236.54)	(32,909.91)	(59,097.73)	(73,456.84)
8	Exceptional items (Profit on sale of Windmill - Refer Note 13)	-	481.54	-	481.54	-	29,127.30
9	Profit / (Loss) from ordinary activities before tax (7-8)	(9,885.18)	(4,496.34)	(17,236.54)	(32,428.37)	(59,097.73)	(1,02,584.14)
10	Tax expense	-	-	2,036.44	-	(4,119.55)	(18,310.71)
11	Net Profit / (Loss) from ordinary activities after tax (9-10)	(9,885.18)	(4,496.34)	(19,272.98)	(32,428.37)	(54,978.18)	(84,255.18)



12	Extraordinary items	-	-	-	-	-	-
13	Net Profit / (Loss) for the period after Tax (11-12)	(9,885.18)	(4,496.34)	(19,272.98)	(32,428.37)	(54,978.18)	(84,273.43)
14	Paid - up Equity Share capital (Face value of Rs 10/- per share)	5,029.89	5,029.89	5,029.89	5,029.89	5,029.89	5,029.89
15	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year	-	-	-	-	-	(25,453.75)
16	Earning per share (before extraordinary items) Basic & Diluted Earnings per share of Rs.10/- each (Rs) (not annualised)	(19.65)	(8.94)	(38.32)	(64.47)	(128.83)	(189.15)
17	Earning per share (after extraordinary items) Basic & Diluted Earnings per share of Rs.10/- each (Rs) (not annualised)	(19.65)	(8.94)	(38.32)	(64.47)	(128.83)	(189.15)
* Other Income for the quarter ended 31st December 2014 is net of foreign exchange loss of Rs 195.16 lakhs and whereas other income for nine month ended 31st December 2014 includes foreign exchange loss of Rs 54.74 lakhs.							
PART - II							
A SELECT INFORMATION FOR THE QUARTER ENDED 30TH SEPTEMBER 2014							
PARTICULARS OF SHAREHOLDING							
1	Public Shareholding						
	- Number of Shares	1,73,60,969	1,73,60,969	1,73,60,969	1,73,60,969	1,73,60,969	1,73,60,969
	- Percentage of Shareholding	34.52%	34.52%	34.52%	34.52%	34.52%	34.52%
2	Promoters and Promoter Group Shareholding						
	(a.) Pledged / Encumbered						
	Number of shares	3,29,37,973	3,29,37,973	1,43,26,795	3,29,37,973	1,43,26,795	1,43,26,795
	Percentage of Shareholding(as a % of total shareholding of promoter and promoter group)	100.00%	100.00%	43.50%	100.00%	43.50%	43.50%
	Percentage of Shareholding(as a % of total share capital of the company)	65.48%	65.48%	28.48%	65.48%	28.48%	28.48%
	(b.) Non - Encumbered						
	Number of shares	-	-	1,86,11,178	-	1,86,11,178	1,86,11,178
	Percentage of Shareholding(as a % of total shareholding of promoter and promoter group)	-	-	56.50%	-	56.50%	56.50%
	Percentage of Shareholding(as a % of total share capital of the company)	-	-	37.00%	-	37.00%	37.00%
B	INVESTOR COMPLAINTS						
	Pending at the beginning of the quarter	NIL					
	Received during the quarter	NIL					
	Disposed off during the quarter	NIL					
	Remain Unresolved at the end of the quarter	NIL					



BHARATI SHIPYARD LIMITED
SEGMENT WISE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST DECEMBER 2014.
(Rs. in Lakhs)

Sr. No.	Particulars	Quarter Ended			Nine Month Ended		Year ended
		31.12.2014 Unaudited	30.09.2014 Unaudited	31.12.2013 Unaudited	31.12.2014 Unaudited	31.12.2013 Unaudited	31.03.2014 Audited
1	Segment Revenue						
	Net Sales / Operating Income						
	(a) Ship Manufacturing	298.16	565.80	751.87	2,245.41	16,314.17	17,544.47
	(b) Wind Power	-	93.12	515.02	414.31	1,102.43	1,170.36
	Total Net Sales / income from Operations	298.16	658.92	1,266.89	2,659.72	17,416.60	18,714.83
2	Segment Results						
	Profit / (Loss) after depreciation and before Finance Cost, Exceptional Item, unallocable income and Tax						
	(a) Ship Manufacturing	(3,399.33)	(3,227.00)	(3,531.02)	(10,772.82)	(18,812.17)	(24,304.27)
	(b) Wind Power	-	93.12	(104.32)	348.77	571.63	445.61
	Total	(3,399.33)	(3,133.88)	(3,635.34)	(10,424.05)	(18,240.54)	(23,858.66)
	Less: (i) Finance Cost	6,325.39	1,550.28	14,286.20	22,519.02	41,542.22	51,184.26
	(ii) Exceptional Items (Refer Note No 13)	-	(481.54)	-	(481.54)	-	29,127.30
	Add: Unallocated Income	(160.46)	(293.72)	685.00	33.16	685.03	1,586.09
	Profit / (Loss) for the period before tax	(9,885.18)	(4,496.34)	(17,236.54)	(32,428.37)	(59,097.73)	(1,02,584.13)
	Less: Tax Expenses	-	-	2,036.44	-	(4,119.55)	(18,310.71)
	Profit / (Loss) for the period after tax	(9,885.18)	(4,496.34)	(19,272.98)	(32,428.37)	(54,978.18)	(84,273.42)
3	Capital Employed						
	(Segment assets – Segment Liabilities)						
	(a) Ship Manufacturing *	(42,296.17)	(32,394.34)	31,966.40	(42,296.17)	31,966.40	(34,770.67)
	(b) Wind Power	-	-	6,433.20	-	6,433.20	6,309.73
	(c) Unallocated	(6,562.63)	(6,579.28)	(4,933.30)	(6,562.63)	(4,933.30)	12,436.03
	Total	(48,858.80)	(38,973.62)	33,466.30	(48,858.80)	33,466.30	(16,024.91)

* including Capital Work-in Progress

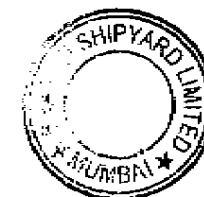
Place: Mumbai

Date: 26th February, 2015



NOTES ON UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31st DECEMBER 2014

- 1** The above results for the current quarter and nine months ended 31st December 2014 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 26th February 2015.
- 2** The Company has stated the Work in Progress ("WIP") in the financial statements at Rs. 3,63,605 lakhs as on 31st December 2014. As explained in note 31 of the audited financial statements for the year ended 31st March 2014, the Work-in-Progress as on Balance Sheet date has been valued at Rs.3,63,049 lakhs by the Independent Valuer which is lower than the book value by Rs. 36,607 lakhs. The Management of the Company believes that the value of Work-in-Progress as reflected in the financial statements is fair and reasonable considering the nature of the business and improving market conditions. The Management is confident that upon completion of the vessels under construction, the above mentioned assumption of the Independent Valuer of perceived reduction in revenue and increased cost would be recovered on account of increased market price of the vessels. Hence in the opinion of the management, no provision for the excess WIP is considered necessary.
- 3** During the current quarter and nine months ended 31st December 2014, the Company has not provided for any Deferred Tax Asset (Net). However Company has continued with recognition of the Deferred Tax Asset (Net) of Rs. 16,281 lakhs as at 31st December 2014, recognised till 31st March 2014. The Management of the Company is confident of financial restructuring and reviving the operations to achieve optimum utilization of its infrastructure. Accordingly, the Management believes that there would be sufficient future taxable profits against which the accumulated losses would be set off and therefore the above Deferred tax asset (Net) has been continue to be recognised by the Company.
- 4** The banks have made payments aggregating to Rs. 89, 378 lakhs on account of bank guarantees invoked by the Customers along with Interest of Rs. 29,026 lakhs and foreign exchange variation of Rs.32,843 lakhs upto nine months ended on 31st December 2014. The banks have charged interest of Rs. 13,211 lakhs on the aforementioned payments against invoked bank guarantees upto 30th September 2014. The Management is of the opinion that the payments under the invoked bank guarantees are made by the banks without following due process of law and even in cases wherein the legal proceedings were pending before various jurisdictional tribunals / courts. Accordingly, the Company has filed a case before the City Civil Court Mumbai against such banks which is pending for disposal. Pending the legal proceedings in the above matter, the Company has not given effect to the above payments made by the Banks to the customers against invoked bank guarantees. The Company continues to reflect advances received from customers under the said contracts even in cases wherein the payments have been made by the Banks against invoked bank guarantees.



- 5 The Company has recognised for subsidy of Rs 84,178 lakhs under Ship Building Subsidy Scheme in earlier years and has already received Rs 19,385 lakhs upto nine months ended 31st December 2014 and the balance Subsidy receivable from Government of India as on 31st December 2014 is Rs 64,793 lakhs. The said subsidy have been recognised by the Company on the basis of Shipbuilding Subsidy scheme of the Government of India. The Company has been complying with the terms of the said scheme and has already received part of the Subsidy on vessels delivered by the Company. The Shipyards Association of India, of which the Company is a member, has also held several discussions with the Ministry of Shipping on the subject and the association has been assured by the Ministry of the commitment of the Government on the Shipbuilding Subsidy scheme as announced by the Government. Further, as detailed in note 8 of the statement of unaudited financial results, the Company is confident of financial restructuring and reviving the operations and completing the vessels under construction in respect of which the aforementioned Subsidy is receivable.
- 6 The Company has requested all lenders/banks/EARC (Edelweiss Asset Reconstruction Company) for the balance confirmations. However, due to non service of interest and instalment due, some of the lenders/banks/EARC have not provided balance confirmations as on 31st December 2014 and the accounts are finalised based on latest available bank/loan statements. EARC is proposing to come up with various stage wise restructuring plans for debts to curtail the financial burden of the business cash flows. Accordingly, interest have not been provided on outstanding loans assigned to EARC and secured bank loans for which company has received call notices from the date of assignment and / or receipt of call notices from banks and NPA loan accounts for which it has not received call notice or any statement from lenders. In respect of other bank loans, interest have been accounted for as per statements received from lenders. Further, due to unavailability of the confirmations, the Company has not accounted for the interest income on the Margin Money Deposits with Banks.
- 7 a) The Company had given loans and advances of Rs. 91,048 lakhs to its subsidiaries for investment in GOL Offshore Ltd (GOL). As per the latest audited financial statements of GOL as on 31st March 2014 and quarterly results for the period ended 31st December 2014, there are continuing defaults in repayment of loans including invocation of some of the corporate guarantees and cash flows of GOL are under financial stress. However GOL is making all efforts for early settlement of dues by taking various corrective initiatives and continuous negotiation with bankers for restructuring of its debts. In the opinion of the management, this diminution in value of investment and loan and advances, if any, is temporary in nature as such no provision for the same is considered necessary.
- b) The Company had given loans and advances of Rs. 8,499 lakhs to its subsidiary for investment in Tebma Shipyard Limited(TSL). As per the latest audited financial statements as on 31st March 2014, TSL is incurring cash losses, its net worth is eroded and its cash flows are under stress. The management is of the opinion that investment made in TSL is strategic and in value chain of core business of the Company and the diminution in value of investment and loan and advances is temporary in nature, if any and as such no provision for the same is considered necessary.



c) The Company has made investments and given loans and advances aggregating to Rs 3,185 lakhs in/to Bengal Shipyard Limited (Bengal). As per the latest audited statements as on 31st March 2014, Bengal is yet to start its business operations and is in process of acquisition of lands and construction of assets. Even though there is delay in commencement of business operations, management is confident of cash flows of the business and hence management is of the opinion that investment made in Bengal is strategic and long term in nature and no provision for the same is considered necessary for depletion, if any, in the value of investments and loans and advances given by the company.

- 8 The Company's operating results are materially affected due to factors such as global meltdown in Shipbuilding Industry, huge finance costs and part implementation of Restructuring Scheme. The Company has incurred Net Loss of Rs. 9,885 lakhs for the current quarter and Rs. 32,428 lakhs for the nine month ended 31st December 2014. As of this date, the Company's total liabilities exceed its total assets by Rs 48,859 lakhs and its networth has been fully eroded. The company is also contesting various winding up petitions including petition filed by LIC of India, one of the secured creditors. The Company is implementing various long-term measures to improve its cash flow and revival of the operations of the Company. The Company is exploring various options of financial restructuring and is in discussions with lenders and other institutions to raise finance for revival of its operations. Upon revival, the Company will be able to make optimum utilisation of its green field facilities, renegotiate its contracts and complete the under construction vessels to generate future cash flows. The Company believes that these measures will not only generate cash flows for revival but will also result in future orders and consequently sustainable cash flows. The Promoters also continue to be committed to providing the required operational and financial support to Company in the foreseeable future. Further that up to 31st December, 2014, majority of the lenders in value have assigned their debts to Edelweiss Asset Reconstruction Company (EARC). EARC is also coming up with various stage wise restructuring plans for debts to curtail the financial burden of the Company and improve the cash flows in addition to business operation and management strategy.

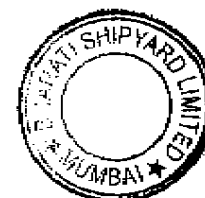
In view of the foregoing scenarios as referred above, the Company's financial statements have been prepared on a going concern assumption which is considered appropriate .

- 9 The Company had allotted 3,20,00,000 Optionally Convertible Warrant in the year 2012-2013 by way of a preferential allotment to the promoters on the conversion terms of one Equity shares of Rs. 10/- each at a premium of Rs. 69.12 Per equity shares. The said issue was In compliance with SEBI ICDR Guidelines for preferential issue. As per the said guidelines, the option to exercise the right for conversion was available to the holders not later than 18 months from the date of allotment. Out of the above, 1,86,11,178 Optionally convertible warrant were converted into equity shares @ total issue price of Rs. 79.12 per warrant till financial year 2013-2014 against receipt of total consideration from the holders. The promoters have not exercised their option to convert their balance warrant into Equity shares on or before the last date appointed to exercise the option and accordingly the amount already paid off Rs. 4,194 lakhs has been forfeited and credited to Capital Reserve Account.



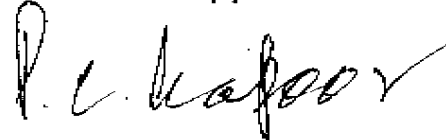
- 10 The Company is contesting 13 winding up petitions under section 433 and 434 of the Companies Act 1956 before the Honourable High Court of Mumbai and this includes petition filed by LIC of India, one of the secured creditors. All above winding up petitions are pending for disposal as on date.
- 11 Pursuant to the Companies Act, 2013 ("the Act") becoming effective from 01st April, 2014, the Company has reworked the depreciation charge in a manner prescribed in Schedule II of the Act. As a result, the charge for depreciation is higher by Rs. 261 lakhs and Rs. 1,271 lakhs for the current quarter and nine months ended 31st December 2014 respectively. In respect of assets where life is already exhausted, carrying value as at 1st April 2014 of Rs 201 Lakhs has been adjusted to General Reserves.
- 12 The loans assigned to EARC and Accounts with respect to which Company has received call notices, being payable on demand, have been classified as Current Liabilities. Compulsory Convertible Debentures issued as a part of CDR scheme is classified as Current Liabilities upon subsequent revocation of CDR scheme by State Bank of India being monetary institution vide its letter dated 14th June 2014. Other loans have been classified as Current or Non Current based on the classification criteria as prescribed in general instructions to schedule III of the Act for preparation of Balance Sheet.
- 13 During the quarter ending 30th September 2014, the Company had concluded sale of Wind Turbines having total capacity of 15 MW as a part of restructuring process. The said sale transaction resulted in net gain of Rs. 482 lacs to the Company and the same is reflected as exceptional item in the unaudited financial results for the quarter ended 30th September 2014 and nine months ending 31st December 2014.
- 14 Variation in finance cost reported for the Quarter ended 31st December 2014 as compared to Quarter ended 30th September 2014 is due to reversal of interest provided upto 30th June 2014 amounting to Rs.6157 lakhs on certain NPA loan accounts for which Company had not received call notice or any statement from lenders in the Quarter ended 30th September 2014.
- 15 In the opinion of the Management, Current Assets and Loans and Advances have the value at which they are stated in the financial statement as on 31st December 2014, if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

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- 16 Trading in shares of the company is temporarily suspended w.e.f. 25th February 2015 on Bombay Stock Exchange Ltd (BSE) & National Stock Exchange of India Ltd (NSE) vide email communication dated 24th February 2015 from BSE and letter dated 24th February 2015 from NSE due to delay in submission of financial result for the quarter ended 30th June 2014 & 30th September 2014 and non payment of fine for delayed submission of quarterly results in compliance with clause 41 of Listing Agreement. The company has submitted financial result for the quarter ended 30th June 2014 & 30th September 2014 on 19th February 2015 & 20th February 2015 respectively. In the opinion of management, share suspension order will be revoked in a very short span of time.
- 17 The auditors have carried out a "Limited Review" of the financial results for the current quarter and nine months ended 31st December 2014
- 18 The comparatives figures are regrouped and reclassified to meet the current quarter's classification.

For Bharti Shipyard Limited

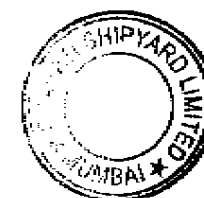


P. C. Kapoor

Managing Director

Place: Mumbai

Date: 26th February, 2015.



M V Damania & Co

Chartered Accountants

14/2, Mahalaxmi Ind. Estate, D. Shivner Road, Lower Parel, Mumbai - 400 013, India.

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LIMITED REVIEW REPORT

To,
The Board of Directors
BHARATI SHIPYARD LIMITED

1. We have reviewed the accompanying statement of unaudited financial results of **BHARATI SHIPYARD LIMITED (the company)** for the current quarter and nine months ended 31st December 2014 ("the Statement"), being submitted by the Company pursuant to the requirement of clause 41 of the Listing Agreements with Stock exchanges in India, except for the disclosures in Part II – Select Information referred to in paragraph 5 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Financial Statements are free from material misstatements. A review is limited primarily to inquiries of company personal and analytical procedures applied to financial data and thus provide less assurance than audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on review conducted as above and subject to:
 - a) *The Company has stated the Work in Progress ("WIP") in the financial statements at Rs. 3,63,605 lakhs as on 31st December 2014. As per the valuation report of Independent Chartered Engineers as on 31st March 2014, the WIP is overstated by Rs 36,607 lakhs. The Management has not written off the said excess WIP of Rs 36,607 lakhs in the accounts for the year ended 31st March, 2014 and also in current quarter and nine months ended 31st December, 2014. In our opinion, considering the report of the Independent Chartered Engineer, the Company ought to have written off excess WIP (vessels under constructions) to the extent of Rs. 36,607 lakhs in its Statement of Profit and Loss for the current quarter and nine months ended 31st December 2014. Had the same been accounted for, the net loss for the current quarter and nine months ended 31st December 2014 would have been higher by Rs. 36,607 lakhs and the accumulated losses as at that date would have been higher by the same amount. Further to that we are unable to comment on the valuation of work in progress stated at Rs 3,63,605 lakhs as on 31st December 2014.*



- b) As on 31st December 2014, the Deferred Tax Assets (DTA) (Net) aggregating to Rs 16,281 lakhs is stated in the financial statements of the Company and the Company has not created further DTA (Net) for the current quarter and nine months ended 31st December 2014. In our opinion, the DTA need not be recognised in view of consistent losses in the past and of uncertainty regarding estimation of future profit with reasonable certainty and hence the DTA should be written off in the books of accounts. Had the management, written off the DTA, the loss for the current quarter and nine months ended 31st December 2014 would be higher by Rs 16,281 lakhs and the accumulated losses as at that date would have been higher by the same amount.
- c) Banks have made payment aggregating to Rs. 89,378 lakhs on account of bank guarantee invoked by the customers, along with Interest of Rs. 29,026 lakhs and foreign exchange variation of Rs. 32,843 lakhs upto 31st December 2014 and has charged further interest of Rs. 13,211 lakhs on such invoked bank guarantee payments upto 30th September 2014. The Company has not made any provision in its financial result for the current quarter and nine months ended 31st December 2014 in respect of any of the above payments made by the banks. The Company has filed a suit before the Hon'ble City civil court, Mumbai against the lending banks for payment of such invoked refund bank guarantees. In view of the pending litigation and the uncertainty of outcome of such pending litigation, we are unable to quantify its effect that may arise upon settlement of such litigation on the financial results for the current quarter and nine months ended 31st December 2014.
- d) The Company's has recognised for subsidy of Rs 84,178 lakhs under Ship Building Subsidy Scheme in earlier years and has already received Rs 19,385 lakhs till 31st December 2014. The receipt of aforesaid Subsidy is dependent upon completion of vessels and compliance with other terms and conditions of the Shipbuilding Subsidy Scheme of the Government of India. In view of the uncertainty involved as mentioned above including generation of future cash flow, we are unable to comment on the recoverability or otherwise of the aforementioned Subsidy receivable amounting to Rs. 64,793 lakhs. Therefore, the impact of the same on the financial results for the current quarter and nine months ended 31st December 2014 cannot be ascertained.
- e) The Company had been referred to CDR Cell on 16th December, 2011, but the financing arrangements under the scheme have been partly implemented. The said CDR scheme has been subsequently revoked by State Bank of India being monitoring institutions vide its letter dated 14th June 2014. Majority of the lenders in value have transferred their right, title and interest in financial assistances to Edelweiss Asset Reconstruction Company Limited (EARC). We draw attention to Note no. 8 of the unaudited financial result which indicates that the Company has continuously been incurring substantial losses since past few years and Company has also incurred a net loss of Rs 9,885 lakhs during current quarter ended 31st December 2014 and accumulated net loss of Rs. 32,428 for the nine months ending 31st December 2014. As of this date, the Company's total liabilities exceed its total assets by Rs 48,859 lakhs and its net worth has been fully eroded.

These financial statements have been prepared on a going concern basis, which is dependent upon company successful financial restructuring including raising requisite finance for its revival and consequent generation of future cash flow to meet its obligations. These conditions along with other matters as set forth in Note no.8 of the unaudited financial result indicate the existence of material uncertainty that may cast doubt about the Company's ability to continue as going concern.



- f) The Company had given loans and advances of Rs. 91,048 lakhs to its subsidiaries for investment in GOL Offshore Ltd (GOL). As per the latest audited financial statements of GOL as on 31st March 2014 and quarterly results for the period ended 31st December 2014, there are continuing defaults in repayment of loans including invocation of some of the corporate guarantees and its cash flows are under financial stress. In the opinion of the management, the company is under temporary financial stress and will be able to restructure its debts with the lenders and Investment in GOL being strategic and long term in nature and hence the loans and advances given are recoverable and no provisioning is required against the same. We are unable to comment on the recoverability of the Loans and Advances and the diminution in value of the investments and ascertain its impact, if any, on the financial results for the current quarter and nine months ended 31st December 2014.
- g) The Company had given loans and advances of Rs. 8,499 Lakhs to its subsidiary for investment in Tebma Shipyard Limited (TSL). As per the latest audited statements as on 31st March 2014, TSL has been incurring cash losses and its net worth has substantially eroded and its cash flows are under stress. In the opinion of the management, the investment is strategic and long term and the diminution in value of Investment is temporary and the loans and advances given are recoverable and no provisioning is required against the same. We are unable to comment on the recoverability of the Loans and Advances and the diminution in value of the investments and ascertain its impact, if any, on the financial results for the current quarter and nine months ended 31st December 2014.
- h) The Company had made investment and given loans and advances amounting to Rs. 3,185 lakhs in/to Bengal Shipyard Limited (Bengal). As per the latest audited statements as on 31st March 2014, Bengal is yet to start its business operations due to pending approvals and problems associated with acquisition of land from Govt of West Bengal. Due to procedural and other delay associated with land acquisition and other approvals leading to inordinate delay in commencement of business operation, we are unable to comment on the recoverability of the Loans and Advances and the diminution in value of the investments and ascertain its impact, if any, on the financial results for the current quarter and nine months ended 31st December 2014. In the opinion management, the investment is strategic and long term in nature and the loans and advances given are recoverable and no provisioning is required against the same.
- i) Confirmation / bank statements from some banks and Edelweiss Asset Reconstruction Company Limited (EARC) with respect to secured loans outstanding as on 31st December 2014 were not made available for verification. Hence the effect due to pending reconciliation with the books of accounts, if any, on quarterly result remains unascertained.
- j) Company has not provided for interest on loans assigned to Edelweiss Asset Reconstruction Company Limited (EARC) and loans for which company has received any call notice, from the date of assignment and / or receipt of call notice from banks and NPA loan accounts for which it has not received call notice or any statement from lenders. Had the interest on these loans been accounted for on simple interest method at the prevailing / estimate rates, the net loss for the current quarter and nine months ended 31st December 2014 would have been higher by Rs. 16,852 lakhs and Rs. 35,132 lakhs respectively and the accumulated losses as at that date would have been higher by the same amount.

For loans other than as referred to in above para, interest has been accounted for as per statements received from lenders.



- k) Management has informed us that the 'recoverable amount' of assets within the meaning of accounting standard 28 "Impairment of Assets" is more than their carrying value and as such no amount needs to be recognised in the financial results for impairment loss. We have not been able to validate this assertion in the absence of valuation report of an independent agency and the uncertainty of resumption of future operation / results of operations thereafter.
- l) In absence of relevant documents / confirmations from banks, we are unable to comment on current status of Margin deposit with banks amounting to Rs 23,535 Lakhs.
- m) The Management has not restated some of the creditor's liabilities in foreign currency as required by AS-11 "The Effects of Changes in Foreign Exchange Rates". In absence of relevant details and information, we are unable to quantify its effect on the financial results for the current quarter and nine months ended 31st December 2014.
- n) Internal control system in relation to timely and proper recording of the expenses transaction needs to be strengthened.
- o) Due to pending reconciliation and confirmation of Trade Receivables, Loan and Advances and Trade Payables, we are unable to comment upon its effect on the financial results of the current quarter and nine months ended 31st December 2014.
4. Based on our review conducted as above, except for the possible effects of matters stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying statement has not been prepared in accordance with the accounting standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act 2013, read with the Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India, and has not disclosed the information required to be disclosed in terms of clause 41 of the Listing Agreement with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II – Select Information for the quarter ended 31st December 2014 of the Statement, from the details furnished by the Management.

For M.V. Damania & Co.

Firm Registration No. 102079W

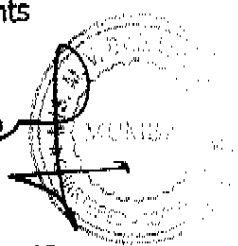
Chartered Accountants

Bharat Jain

CA Bharat Jain

Partner

Membership No. 100583



Place: Mumbai

Date: 26th February, 2015